

NFAC 6613-80

2 October 1980

MEMORANDUM FOR: Director, OER

FROM: Senior Review Panel

SUBJECT: Research Paper: The Linkage Between Energy
and Economic Growth in Eastern Europe,
ER 80-10501, dated September 1980

1. We have read the above paper with great interest and find it to be an excellent and illuminating piece of work. We have a question, however, about one of the assumptions in the analysis, and wonder what the likelihood and consequences of a modification of that assumption might be.

2. The statement is made on page 5 (and elsewhere) that "These estimates assume that Moscow...increases gas exports by about 2.5 percent annually--which seems to be current Soviet policy." Since gas production is the one bright spot in the Soviet energy picture, what is the possibility of an annual growth in such supplies to Eastern Europe at a rate greater (possibly significantly so) than the projected 2.5 percent? What is the likelihood of such an increased growth? What would the effect be in Eastern Europe? Might the growth rate be smaller and what would its impact be?

3. It would seem that some sensitivity analysis of this question could be useful.

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